

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-MONTRÉAL
COURT No.: 500-11-045750-136
ESTATE No.: 41-343482

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
RECEIVERSHIP OF:**

**HOMCO REALTY FUND (98) LIMITED
PARTNERSHIP**, a limited partnership formed under
the laws of Nova Scotia, having its head office at
1959 Upper Water Street, Suite 900, Halifax, Nova
Scotia, B3J 3N2, Canada

Insolvent person

– and –

DELOITTE RESTRUCTURING INC.
(Jean-Christophe Hamel, CPA, CA, CIRP, designated
person in charge) having a place of business at 1190
avenue des Canadiens-de-Montréal, Suite 500,
Montréal, Quebec, H3B 0M7

Receiver

**FIFTH INTERIM REPORT SUBMITTED BY
DELOITTE RESTRUCTURING INC. AS RECEIVER OF CERTAIN
ASSETS OF HOMCO REALTY FUND (98) LIMITED PARTNERSHIP
AS AT JULY 15, 2016
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*
and Rule 126 of the *Bankruptcy and Insolvency General Rules*)**

I. Introduction

1. Homco Realty Fund (98) Limited Partnership (“**H98**”) is a limited partnership formed under the laws of Nova Scotia, having its registered head office at 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia, B3J 3N2, Canada. H98 was established for the sole purpose of acquiring and operating a real estate property.

2. H98's only real estate asset was an 18,145 square meter property located in Wittenberg, Germany. The city of Wittenberg lies some 100 km south-west of Berlin and 70 km north-east of Leipzig, and has approximately 50,000 inhabitants.
3. On December 18, 2013, H98 filed an assignment in bankruptcy and Samson Bélair/Deloitte & Touche Inc., now Deloitte Restructuring Inc. ("**Deloitte**"), was appointed as trustee.
4. On January 16, 2014, following a motion by Titan Europe 2006-5 P.L.C. and Credit Suisse International (the "**Secured Creditors**"), H98's sole secured creditors, the Court rendered an order appointing Deloitte as receiver (the "**Receiver**") of certain assets of H98 pursuant to Section 243 of the *Bankruptcy and Insolvency Act* with the powers enumerated in said order (the "**Receivership Order**"), as appears from the Court record.
5. On January 16, 2014, following the Receivership Order, Deloitte, in its capacity as trustee of the estate of H98, formally renounced all rights to possession and seizure of the real property of H98 located at Teucheler Weg 2, 06886 Lutherstadt Wittenberg, in Germany (the "**Real Property**"), the rental receivables with respect of the Real Property, and cash balances held in certain bank accounts of H98 (collectively the "**Secured Property**"), the whole in favor of Deloitte in its capacity as receiver to the Secured Property, the whole pursuant to the Receivership Order.
6. On July 15, 2014, the Receiver filed with the Office of the Superintendent of Bankruptcy its first interim report, a copy of which is available on the Receiver's website.
7. On December 18, 2014, Deloitte petitioned the Court seeking an Order authorizing the sale of the Real Property to Porta Möbel GmbH & Co. ("**Porta**") and a Vesting Order. The Order authorizing the sale of a real property and vesting order (the "**Vesting Order**") was granted by the Court on December 18, 2014.
8. On December 19, 2014, the final Sale and Purchase Agreement ("**SPA**") was signed in front of a German notary. However, given the existing timing, the need for several Canadian documents (including the Vesting Order) to be "legalized" for German purposes for the SPA to become binding upon the Receiver as seller and the German requirements for a transfer of real estate property to become effective, the parties acknowledged that the transfer of property would only become effective on March 31, 2015.
9. On January 15, 2015, the Receiver filed with the Office of the Superintendent of Bankruptcy its second interim report, a copy of which is available on the Receiver's website.
10. On February 26, 2015, the Receiver was able to obtain from the Canada Revenue Agency the Clearance Certificate for H98 for the period ended March 31, 2015, hence allowing the Receiver to distribute the sale proceeds to the Secured Creditors.
11. The sale transaction between Porta and the Receiver closed on March 31, 2015 and, as stipulated in the SPA, the transfer of the real estate property became effective at that date.
12. On July 15, 2015, the Receiver filed with the Office of the Superintendent of Bankruptcy its third interim report, a copy of which is available on the Receiver's website.

13. On January 15, 2016, the Receiver filed with the Office of the Superintendent of Bankruptcy its fourth interim report, a copy of which is available on the Receiver's website.

II. Purpose of this report

14. The purpose of this fifth report of the Receiver (the "**Fifth Report**") is to advise/provide the Superintendent with a summary with respect to:
- a) all property of which the Receiver has taken possession or control that has not yet been sold or realized;
 - b) the activities of the Receiver since the issuance of its fourth interim report (dated January 15, 2016);
 - c) the interim statement of receipts and disbursements;
 - d) the anticipated completion of the receivership.

III. Summary of property of which the Receiver has taken possession

15. As of the date of this report, the Secured Property (which has not yet been sold or realized) of H98 includes the following:
- (a) Some remaining accounts receivable related to the Real Property (excluding the intercompany accounts receivable);
 - (b) Cash balances held in certain bank accounts of H98.

IV. The activities of the Receiver since the issuance of its fourth interim report (dated January 15, 2016)

16. Since the issuance of its fourth interim report, the Receiver continued to monitor the cash receipts and disbursement of H98. Since the issuance of its fourth interim report, the Receiver also continued to update its calculation of the reserve amount that it is required to keep until the final distribution to the Secured Creditors (due to potential liabilities created by some clauses of the SPA).

V. The interim statement of receipts and disbursements for the period ended June 30, 2016

17. You will find in **Appendix A** the interim statement of receipts and disbursements for the period from January 16, 2014 to June 30, 2016 (the "**Declaration Period**").
18. The receipts during the Declaration Period totaled €5,929K and included the collection of rental receivables related to the Real Property of €2,546K, the realization of the Real Property of €1,824K (amount net of the proportion of the sale proceeds/the amount disbursed directly to the Secured Creditors by the notary as prescribed by German laws), the realization of the cash balances (of €1,458K) held in H98's bank accounts at the time of Deloitte's appointment as Receiver, the collection of post-closing adjustments following the sale of the Real Property of €66K, and the collection of VAT (German sales taxes) refunds of €35K.

19. The disbursements during the Declaration Period totaled €4,763K and mainly included the following:
- (a) Distributions to the Secured Creditors in the amount of €2,053K (as part of the regular/scheduled quarterly payments to the Secured Creditors as per the loan agreement and as part of interim distributions to the Secured Creditors);
 - (b) Disbursements of €563K related to repairs (including various capital expenditures as well as the capital expenditures that were required as per the terms of the SPA) and maintenance of the Real Property;
 - (c) Disbursements of €30K related to the Receiver's (and the Receiver's legal counsels) fees, as authorized by the Receivership Order and HPI;
 - (d) Disbursements of €113K related to the asset manager's fees (including notably the commission payable to the asset manager in regard to the sale of the Real Property);
 - (e) The payment of utility charges (related notably to electricity, gas, and water consumptions, as well as to service charge reimbursements to tenants) in the amount of €109K;
 - (f) The reimbursement of costs/legal fees incurred by the Secured Creditors as part of H98's restructuring in the amount of €302K;
 - (g) Monthly reimbursement of VAT (German sales taxes) (including the payments of interests and penalties related to the VAT monthly declarations) to the German tax authorities in the amount of €295K;
 - (h) Disbursements of €19K related to the payment of property tax;
 - (i) Disbursements of €33K related to notary fees and other costs in regard to the closing of the sale of the Real Property;
 - (j) Disbursements of €24K related to the insurance of the Real Property;
 - (k) Disbursements of €22K related to other various operating expenses in regard to the Real Property.
20. Consequently, an amount of approximately €1,166K was in the possession of/controlled by the Receiver as of June 30, 2016.

VI. The anticipated completion of the receivership

21. As more thoroughly explained in the Receiver's report on the sale of H98's assets dated December 18, 2014, at the time of the transaction, most of the proceeds from the sale of the Real Property were distributed directly to the Secured Creditors (approximately €15.3M out of the €17.1M of the sale proceeds). The remaining portion of the purchase price collected by the Receiver (€1.8M) was to be kept by the Receiver as a reserve with regard to potential liabilities created by some clauses of the SPA or to cover any of the Receiver's costs and any remaining operational expenses of H98 which could be incurred before the end of the Receiver's mandate. As the potential

liabilities to the Receiver identified in the SPA do not expire before October 1, 2016, the Receiver will not be able to distribute all of the funds remaining in its possession (approximately €1.2M as of the time of this report) before October 1, 2016 at the earliest.

22. Therefore, as of the time of this report and due to the reasons explained above, the Receiver does not anticipate the completion of the receivership before the month of October 2016 at the earliest.

DATED AT MONTREAL, this 15th day of
July, 2016.

DELOITTE RESTRUCTURING INC.
Receiver to the property of Homco Realty Fund (98)
Limited Partnership



Jean-Christophe Hamel, CPA, CA, CIRP, LIT

APPENDIX A

District of Quebec
 Division No. 01 - Montréal
 Court No. 500-11-045750-136
 Estate No. 41-343482

**In the matter of the receivership of
 Homco Realty Fund (98) Limited Partnership
 of the City of Montreal, in the Province of Quebec**

Form 12
 Interim Statement of Receipts and Disbursements

RECEIPTS

1. Asset Realization		
Cash in bank	1,458,366.06	
Building and Land	1,823,823.92	3,282,189.98
2. Miscellaneous		
Refunds- miscellaneous	65,727.46	
Rental Income	2,545,710.34	
Miscellaneous other receipts	34,992.77	2,646,430.57
TOTAL RECEIPTS		5,928,620.55

DISBURSEMENTS

3. Premium		
Insurance	23,884.40	23,884.40
4. Federal and Provincial taxes		
Others	294,532.20	294,532.20
5. Counseling fees		
Outside consulting	412,886.68	412,886.68
6. Miscellaneous		
Payments to Secured Creditors	2,052,788.10	
Bank charges	5,049.17	
Other misc disbursements	5,984.44	
Security	10,775.29	
Utilities	408,663.15	
Municipal taxes	119,231.55	
Repairs & maintenance	563,201.05	
Legal fees/disbursements	301,870.62	
Receiver's fees and costs	530,363.97	
Fees for the realization of assets	32,984.22	4,030,911.56
TOTAL DISBURSEMENTS		4,762,214.84

Note: How much of the total disbursements was paid for services provided by persons related to the trustee? 0.00

Amount available for distribution		1,166,405.71
7. Levy payable under section 147 of the Act		0.00
8. Unsecured creditors		
Current dividend	0.00 less levy	0.00
9. Amount retained in the Trust account by the Trustee:		1,166,405.71

Assets not sold or realized

Cash on hand - Cash	1,685,278.00	Realized in full
Debts Due - Business - Account Receivable	14,515.00	Realized in full
Debts Due - Business - Intercompany receivable	98,256.00	Unable to realize
Other - Income tax receivable	149,651.00	Unable to realize

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Form 12 --- Concluded
Interim Statement of Receipts and Disbursements

Real Property or Immovable - Building - Wittenburg - Teucheler Weg 2, 06886 Lutherstadt	24,453,698.00	Realized in full
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Asset Notes

Debts Due - Business - Intercompany receivable	98,256.00	Those assets were excluded from the assets of Homco Realty Fund (98) LP for which Samson Bélair/Deloitte & Touche Inc. was appointed Receiver by the Court on January 16, 2014.
Other - Income tax receivable	149,651.00	Those assets were excluded from the assets of Homco Realty Fund (98) LP for which Samson Bélair/Deloitte & Touche Inc. was appointed Receiver by the Court on January 16, 2014.

Notes:

1: Interim statement of receipts and disbursements for the period from January 16, 2014 to June 30, 2016.

2: All amounts are denominated in euros.

Dated at the City of Montréal in the Province of Quebec, this 15th day of July 2016.

Restructuration Deloitte Inc.

1190, avenue des Canadiens-de-Montreal, Bureau 500
Montréal QC H3C 0M7
Phone: (514) 393-5427 Fax: (514) 390-4103

Taxed at the sum of \$ _____, this _____ day of _____.

Registrar